

Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 20554

04/01/02

RE: Docket 02-50, XO Communications, Inc

My names is Kevin Adams, I am commenting on the pending FCC hearing for the transfer of FCC licenses from Craig McCaw and share holders of XO Communications.

1. In addition, the Applicant seeks a declaratory ruling pursuant to section 310(b)(4) of the Act, that it will not serve the public interest to prohibit indirect foreign ownership of XO's wireless licenses in excess of the statutory 25 percent foreign ownership benchmark by Telmex and a general partner of Forstmann Little, Gordon A. Holmes, a citizen of the Republic of Ireland

Note: While your request is stating that the foreign ownership is "Telmex" your own comments show: **Teninver, S.A. de C.V.**, an indirect wholly owned subsidiary of Teléfonos de México, S.A. de C.V. And a Gordon A. Holmes As the party(s) receiving the License(s).

In Researching "Teninver S.A. de C.V. I found no Public records whatsoever of the financial viability or historical documentation that would allow a person to comment on the Public Interest Benefits of this Entity. I believe it is in the public interest to stop the clock until the financial interest and background of both Teninver & Gorden A. Holmes is made public.

Please Note: The recent 10 k for Year-end 2001 states the auditor's doubt that XO communications will continue operation. Transferring licenses to unknown entities may cause extreme difficulties if services are interrupted. I would ask the Commission to pursuer due diligence into the background and financial condition of all the applicants & release this to the public so we can make an informed comment.

2. Moral Background of the applicants  
I would ask the commission to fully read the 10K for Year-End 2001. I would ask that you pay particular attention to the relationship of MCLD and XO communications.

#### Item 13. Certain Relationships and Related Transactions

Craig O. McCaw. In January 2002, we retained an entity owned by Craig O. McCaw to act as our agent with respect to the sale of our Falcon 2000 aircraft, for which it received a commission of \$161,250.

Craig O. McCaw owns a 20% interest and R. Gerard Salemmme owns an 80% interest in Communications Consultants, Inc., which employs Mr. Salemmme and from which we retain Mr. Salemmme for service as XO's **Senior Vice President, Regulatory and Legislative Affairs. See the "Summary Compensation Table" for information regarding payments to Communications Consultants.**

**McLeodUSA Incorporated. In 2001, we completed several transactions with McLeodUSA Incorporated. Three limited partnerships affiliated with Forstmann Little & Co., which we will refer to for purposes of this discussion as the Forstmann Little/ McLeod Partnerships, collectively own all of the outstanding shares of two series of McLeodUSA preferred stock. Sandra J. Horbach, a member of our board of directors, is a general partner of each of the three respective partnerships that serves as a the general partnerships of the Forstmann Little/ McLeod Partnerships. One of the Forstmann Little/ McLeod Partnerships is Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VII, L.P., or MBO-VII, which holds 584,375 shares of our series C preferred stock and 268,750 shares of our series G preferred stock. For further discussion, see Item 12. "Security Ownership of Certain Beneficial Owners and Management." By including this information regarding certain transactions with McLeodUSA, we are not conceding that the relationships among these parties is of a nature that would require disclosure under applicable**

**regulations promulgated pursuant to the Securities Exchange Act of 1934, as amended.**

In 2001, McLeodUSA provided interconnection and facilities-based telecommunications services to us, and we acquired unlit metro network capacity from McLeodUSA as part of the development of our Greater Minneapolis/ St. Paul metro network. Prior to the purchase of this unlit fiber, we had constructed a large switch center in the Minneapolis/ St. Paul metro area. The purchase of this unlit fiber accelerated our speed to market and utilization of certain telephone switch assets. **We paid McLeodUSA a total of \$15.8 million for all such services and capacity during 2001. In 2001, we provided limited telecommunications services to McLeodUSA and constructed unlit metro network capacity for McLeod. We received a total of \$8.1 million for all such services from McLeodUSA in 2001.**

Other Transactions and Relationships. In April 2001, we lent \$700,000 to Henry R. Nothhaft, Vice Chairman, to provide short term bridge financing to Mr. Nothhaft in connection with the retirement of amounts due to third parties that were secured by XO stock. The loan has been paid in full. The loan had a term of 60 days interest accrued at a per annual rate of 5%, and was secured by approximately 650,000 shares of XO stock owned by Mr. Nothhaft.

Certain holders of our securities, including Craig O. McCaw, Eagle River Investments, LLC, Wendy P. McCaw and affiliates of Forstmann Little & Co., have the right to require us to register, under the Securities Act of 1933, shares of class A common stock acquired by the holders. The holders also have the right to include shares of class A common stock held by them in certain registration statements filed by us.

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By their own audit there is questionable transaction. I would request that the FCC fully investigate the interlocking transaction before any ruling on transferring licenses.

Xo communications glossed over their European operations in my belief they violated SEC regulations. They justified this by simply saying they had sold it. Of course without that information, questions of capacity swaps and accounting manipulation can not be addressed. Aurthur Anderson Qualifies the Whole audit with a disclaimer.

Where is the moral fiber for the FCC to grant a transfer of licenses?  
Xo has some 25 lawsuits pending and Mr. Forstmann and his Company are being sued by Conn. For fraud.

Surely all these attorneys can't be wrong.

I would also request that any official of the FCC who has ties to any of the applicants remove himself from the process.

Sincerely,

Kevin Adams